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# INFORMATION REPORT

REPORT NO.

25X1

CD NO.

COUNTRY China/Western Europe/Hong Kong

DATE DISTR. 27 October 1952

SUBJECT Chinese Purchasing Agencies in  
Western Europe

NO. OF PAGES 3

DATE OF INFO.

NO. OF ENCLS.  
(LISTED BELOW)

PLACE  
ACQUIRED

SUPPLEMENT TO  
REPORT NO.

25X1

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1. In August 1952 there were the following Chinese Communist purchasing agencies in Western Europe:
  - a. Switzerland. The most important Chinese Communist purchasing agency in Western Europe is in Zurich, Bahnhofstrasse 20. It has large sums of money available and can finance the largest orders. In February 1952 its head, Miss L. LIANG<sup>1</sup>, flew to China and Hong Kong for new instructions; her return was expected in May 1952. Miss LIANG is one of the leading functionaries of the Metropolitan Commercial Company, a cover organization for a branch of the Chinese Communist Ministry of Supply, in Europe. Also in Zurich are Miss Genevieve OU<sup>2</sup> and an engineer named CHO. The latter works for a Swiss firm and his relations with Miss LIANG and Miss OU may be merely friendly.
  - b. France. The agency is at 15 Rue Emile Duclaux. Its head, Mr. LIQU, left for a trip to Germany at the end of August.
  - c. Western Germany. There is an agency at Cellerstrasse 144/IV, Hannover, headed by Mr. C. H. CHUANG, managing partner of the Fa. Tri-Union Industrial Supplies, cable address "UNIONTEXT". CHUANG is a capable commercial agent, young and very intelligent, who speaks good German and English. He has five assistants in his Hannover office. Another agency is in Tübingen, Denzenbergstrasse 49, and is managed by Dr. John TSHIN of the Midland Company, Printing House, 18 Ice House Street, Hong Kong.<sup>3</sup> TSHIN, a merchant with no right to the title of doctor, is a Communist whose brother is a Party functionary in Communist China. TSHIN lives well but quietly, and does not appear very bright. He reports frequently to Zurich for instructions and money. In addition to his position in the Midland Company, TSHIN is an authorized representative of the Metropolitan Commercial Company, as well as of the Chung Kong Company, a firm which appears

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to have little importance. The Midland Company is especially concerned with the procurement of medical supplies in the widest sense -- surgical instruments, equipment for field hospitals and motorized ambulances, microscopes, and similar goods. In the last year 1.8 million Hong Kong dollars were spent legally for such materials in Germany. The Tübingen agency has also tried to make important purchases in the name of the Metropolitan Commercial Company, but without much success.

- d. Belgium. Continental Lines, 31 Marche aux Souliers, Antwerp, appears to be a Chinese Communist purchasing agency, but its connection with the other agencies is dubious. It makes deliveries by way of Antwerp-Lisbon-Macao-Hong Kong, or Lisbon-Tientsin, and is regarded as reliable by Hong Kong.
2. The European agencies of the Chinese Communists are directed from Hong Kong, but apart from the connection between TSHIN in Tübingen and LIANG in Zurich, the relations between the European agencies seem loose. German firms frequently are asked about orders by more than one of these purchasing agencies.
3. The duties of the purchasing agencies, as outlined in a directive from Hong Kong of May 1952, are primarily to evade the limitations on exports. The directive stated that although the shipment of goods on the limited lists through Hamburg and other German harbors was not possible, shipments must be forwarded. To evade the restrictions, the goods should be bought by a representative from one of the Western nations, paid for and shipped through Hamburg to a Western harbor. Payment should be made from the country to which the shipment is made, preferably in Swiss or Belgian francs. Shipments should be made, for example, to Antwerp or Amsterdam, but not unloaded; they should instead be taken to a free port and shipped to Gdynia, from where goods can be sent to China. When a buyer in a Western country cannot be found, the matter can be handled by a firm in London which is headed by a Chinese who has much experience in the business. The name of this firm could not be ascertained, but its cable address is "UNDA" or something like that. In addition, Kanden Electrical, Limited, 111-113 Fulham Road, London, SW 6, will deliver thermometers, pyrometers and other similar instruments through Hong Kong.
4. The Metropolitan Commercial Company, which has the use of a number of steamers whose names and tonnage are unknown<sup>4</sup>, is particularly interested in the purchase of strategic materials on the embargo list. Up to the end of August 1952, the Tübingen agency had received the following orders from Hong Kong, none of which was filled:
  - January 1952: 100,000 ampoules of penicillin.
  - January 1952: Complete equipment for a chemical and pharmaceutical factory of medium size (400 to 500 workers), including building plans.
  - May 1952 : 50,000 meters of gasoline tubing of various sizes.
  - August 1952 : Rails and locomotives.
  - August 1952 : Measuring apparatus for the founding industry.
5. In late August 1952 a Mr. CHAO<sup>5</sup>, had been in Europe for six weeks, visiting first Paris, then Zurich, Tübingen, Hannover and Hamburg. He was planning to go to Antwerp, and eventually fly to Hong Kong. His objective is the control of the Chinese Communist agencies in Europe, and the investigation of possibilities for the illegal purchase of strategic materials. The Chinese were very secretive about him, never naming him in letters. He himself writes no letters and frequently changes his place of residence. He had trouble with his papers in Switzerland. He

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is believed to be head of the Metropolitan Commercial Company, or at least an important functionary of the Chinese Communist government. CHAO left Paris at the end of August in company with a Mr. LIOU.

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